



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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June 4, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES:
REQUEST TO APPROVE TWO CONTRACTS FOR THE PROVISION OF
COMMUNITY TREATMENT FACILITY SERVICES
(ALL DISTRICTS AFFECTED) - (3 VOTES)**

SUBJECT

Community Treatment Facility (CTF) service contracts with Star View Children and Family Services (Star View) and Vista Del Mar Child and Family Services (Vista Del Mar) to provide children who are in need of placement and/or transition to highly structured, safe, and secure environments that provide additional services and residential treatment beyond those provided by Group Home Rate Classification Level 14 facilities.

**JOINT RECOMMENDATION WITH THE CHIEF PROBATION OFFICER AND THE
DIRECTOR OF THE DEPARTMENT OF MENTAL HEALTH THAT YOUR BOARD:**

1. Approve the use of a form contract, in substantially similar form to Attachment A with Star View, a non-profit division under the Stars Behavioral Health Group, and Vista Del Mar for the provision of CTF services.
2. Delegate authority to the Directors of Department of Children and Family Services (DCFS), Department of Mental Health (DMH), and the Chief Probation Officer (CPO), or their designees, to execute contracts with Star View and Vista Del Mar, effective July 1, 2008, or date of execution, whichever is later, through June 30, 2009, with four one-year options to renew, and a provision allowing the Director of DCFS to extend further for up to an additional six-months, if such time is necessary to complete contract negotiations. The estimated annual cost, and for each optional renewal year for both contracts, is \$7,438,352. Sufficient funding is

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included in DCFS Fiscal Year (FY) 2008-09 Proposed Budget. The annual amounts from the funding sources are as follows:

- a. The placement cost will be paid through "Aid to Families with Dependent Children-Foster Care" (AFDC-FC) funds within DCFS' Title IV-E Waiver Capped Allocation, using 36 percent (\$1,706,167) federal, 33 percent (\$1,563,986) State, and 31 percent (\$1,469,199) DCFS' net County cost (NCC) for a total of \$4,739,352;
 - b. The statutory supplemental cost will be financed using 31 percent (\$554,000) from DMH, four percent (\$66,667) from Probation, and 65 percent (\$1,149,333) DCFS NCC for a total of \$1,770,000;
 - c. The additional supplemental rate will be financed using 12 percent (\$33,333) from Probation and 88 percent (\$253,667) DCFS NCC for a total of \$287,000; and
 - d. The supplemental stipends will be financed using 100 percent (\$642,000) DCFS' NCC.
3. Delegate authority to the Directors of DCFS, DMH, and the CPO, or their designees, to exercise options to extend the contracts by written notification to the CTF contractors, contingent on: (a) the availability of funding; (b) when it is in the County's best interest; and (c) approval by the Chief Executive Officer (CEO).
 4. Delegate authority to Director of DCFS, or her designee, to amend the contracts to increase or decrease the maximum annual contract sum by no more than 10 percent per year of the original maximum annual contract sum during the term of the contract to commensurate with an increase or decrease in service units. This delegated authority is contingent upon: (a) availability of funding; and (b) approval by County Counsel and the CEO prior to the execution of such amendments.
 5. Instruct the Director of DCFS, or her designee, to notify your Board and the CEO in writing within ten working days after executing the CTF contracts and any extension options exercised to continue the provision of CTF services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The current CTF contracts expire on June 30, 2008, and new contracts are required to continue the provision of CTF services. The recommended actions will enable the County to continue providing CTF services to Seriously Emotionally Disturbed (SED) children who are placed in the care and custody of DCFS, Probation, and/or clients of DMH.

Star View and Vista Del Mar are the only facilities licensed by the California Department of Social Services (CDSS) to provide CTF services in Los Angeles County. CTF services are needed for the placement of children who require higher levels of service than those provided by a Rate Classification Level (RCL) 14 Group Home and the only secure residential group settings for children available outside of psychiatric hospitals. As locked facilities, CTFs provide the safest, most-structured settings with the highest staff-to-child ratios for children with the most severe psychiatric and behavioral problems. Children placed in CTFs have previously experienced psychiatric hospitalizations as the result of behaviors that have been deemed dangerous to themselves and others.

Although, the average CTF occupancy rate for each of the two providers in FY 2006-07 was 93 percent of the licensed bed capacity, the average occupancy rate from July 2007 through December 2007 for the two providers was 82.5 percent. According to Vista Del Mar's CTF budget worksheet, Vista Del Mar is running the CTF at a deficit. Consequently, Vista Del Mar will continue to receive an additional supplemental rate of \$1,260 per month per child, as approved by your Board on July 23, 2002. This supplemental rate was approved in order to assist the agency in offsetting its losses due to the low occupancy rate. DCFS has reviewed both agencies' budgets and has determined that the statutory rate and supplemental rate are justified. The agencies' budgets will be reviewed on an annual basis.

DCFS will pay contractors for children who receive CTF services. For Probation Ward children, Probation will reimburse DCFS 60 percent of the statutory supplemental rate of \$2,500 per month for each Probation Ward child and 60 percent of the additional supplemental rate of \$1,260 per month per Probation Ward child, up to \$100,000 per FY. For DCFS and DMH children, DMH will pay 40 percent of the statutory rate of \$2,500 per month per child.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan, Goal #1 (Service Excellence) and Goal #5 (Children and Families Well-Being). The children will be provided with placement and treatment services, such as educational programs and medical, dental, and psychiatric care, to ensure their well-being.

FISCAL IMPACT/FINANCING

The estimated annual cost for the contracts with Star View and Vista Del Mar from July 1, 2008 through June 30, 2009, and for each optional renewal year, is approximately \$7,438,352. The annual cost for the contract with Star View is approximately \$5,055,120, and Vista Del Mar is approximately \$2,383,232.

The total monthly cost for CTF services at Vista Del Mar is \$10,454 per child, and at Star View is \$9,194 per child. Sufficient funding has been included in the FY 2008-09 Proposed County Budget financed using the following funding sources:

- a. The placement cost will be paid through AFDC-FC funds within the DCFS Title IV-E Waiver Capped Allocation using 36 percent (\$1,706,167) federal, 33 percent (\$1,563,986) State, and 31 percent (\$1,469,199) NCC for a total of \$4,739,352;
- b. The statutory supplemental cost will be financed using 31 percent (\$554,000) from DMH, 4 percent (\$66,667) from Probation, and 65 percent (\$1,149,333) from DCFS' NCC for a total of \$1,770,000. DMH's statutory supplemental cost will be reimbursed from the State and Probation's statutory supplemental cost will be financed using Probation's NCC;
- c. The additional supplemental rate will be financed using 12 percent (\$33,333) Probation NCC and 88 percent (\$253,667) DCFS NCC for a total of \$287,000; and
- d. The supplemental stipends will be financed using 100 percent (\$642,000) of DCFS' NCC.

Both Star View and Vista Del Mar will be reimbursed at the RCL 14 rate of \$6,694 per child per month, which is paid through AFDC-FC funds. The RCL 14 group home rate is determined by the State and may increase or decrease. In addition, both providers will receive a statutory supplemental rate of \$2,500 per child per month funded by State revenue and NCC. Vista Del Mar will receive an additional supplemental rate of \$1,260 per child per month, which was originally approved by your Board on July 23, 2002, to assist the agency in offsetting its losses due to its inability to operate at full bed capacity. To date, Vista Del Mar is still not operating at a full capacity.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

CTF services are geared towards the care and treatment of SED dependent children, primarily through the dependency and juvenile court system. CTF placement is also available to DMH clients, in which DMH pays DCFS through a Departmental Service Order (DSO) for use of CTF services.

The proposed form contract deviates from typical County provisions in the areas of Indemnification and Termination for Convenience. The CTF form contract provides for *Mutual* Indemnification, as agreed upon, as part of the negotiations with the contractors, and the 90-days notice for Term and Condition instead of 10 days, was determined in order to provide adequate time for the movement of children.

According to the Memorandum of Understanding (MOU) between DCFS and DMH, Star View will receive an additional \$43.08 supplemental stipend per day, per child to be paid by DCFS through DMH via a DSO for each DCFS child placed in the CTF. This cost is not an additional cost to DCFS; it is an ongoing cost that had been incurred in the previous contracts between DMH and provider.

The form contract complies with all applicable Board requirements. County Counsel has reviewed this Board letter and form contract. County Counsel has approved the contract as to form.

CONTRACTING PROCESS

The contracts were procured by negotiation. Vista Del Mar and Star View are the only facilities licensed by CDSS to provide CTF services in Los Angeles County. CTF services were inaugurated in Los Angeles County with the two agencies on April 10, 2001 and November 6, 2001, respectively. Subsequent contracts with the two agencies were procured by negotiation and approved by your Board.

Procurement by negotiation is normally limited for a one-year period per State regulations. However, due to unique circumstances, the State approved a five-year contract term with the two CTFs for the period of July 1, 2008 through June 30, 2013. DCFS received approval (Attachment B) from the State to contract with Star View and Vista Del Mar by procurement by negotiation for a five-year term for CTF contracts from July 1, 2008 through June 30, 2013.

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IMPACT ON CURRENT SERVICES

Approval of the recommended action will allow the CTF contractors to provide service without interruption.

CONCLUSION

Upon approval of this contract by your Board, it is requested that the Executive Officer, Board of Supervisors, send a copy of the adopted Board letter and the form contract to:

Department of Children and Family Services
Contracts Administration
Attention: Walter Chan, Contract Manager
425 Shatto Pl., Room 400
Los Angeles, CA 90020

Probation Department
Contract Management Division
Attn: Yolanda Young, Director
9150 E. Imperial Hwy.
Downey, CA 90242

Department of Mental Health
Contracts Development and Administration
Division
Attention: Richard Kushi, Chief
550 So. Vermont Avenue
Los Angeles, CA 90020

Office of the County Counsel
Social Services Division
Attention: Diane A. Cachena
648 Kenneth Hahn
Hall of Administration
500 W. Temple St., Room 602
Los Angeles, CA 90012

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SRH:MS
GP:LC:cvb

Attachments

c: County Counsel